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Labor Market Information Center

SD Department of Labor & Regulation

## Leisure and Hospitality Industry Sector — What is the future of tourism in South Dakota?

The leisure and hospitality industry sector includes a broad category of fields within the service industry such as lodging, food services, event planning, theme parks, transportation and other tourism oriented products and services. This sector is highly sensitive to economic and competitive market conditions and can have steep seasonal fluctuations during the year.

This analysis focuses on the subsectors within the leisure and hospitality industry sector. The subsectors within this sector are all projected to show an increased rate of employment growth based on long-term projections data produced by LMIC. The projections data, which includes both industry and occupational data, is available on the [Labor Market Information Center's \(LMIC\) website](#). This data is often referenced for planning future training needs related to the expected demand for workers, aiding in workforce recruiting efforts, and analyzing occupational supply/demand.

Employment Projections for South Dakota's Leisure and Hospitality Industry Sector 2012 to 2022				
Industry	2012 Workers	2022 Workers	Actual Change	Percent Change
Performing Arts, Spectator Sports and Related Industries	1,035	1,140	105	10.1%
Museums, Historical Sites and Similar Institutions	505	585	80	15.8%
Amusement, Gambling and Recreation Industries	4,715	4,905	190	4.0%
Accommodation, Including Hotels and Motels	8,550	9,275	725	8.5%
Food Services and Drinking Places	29,510	32,255	2,745	9.3%
<b>Total</b>	<b>44,315</b>	<b>48,160</b>	<b>3,845</b>	<b>8.7%</b>

This analysis also forecasts the economic impact related to the projected employment growth for the Leisure and Hospitality industry sector. When industry sectors experience a significant increase or decrease in employment, the use of modeling software proves helpful in determining the related economic impact. This type of analysis identifies the primary, as well as the far reaching ripple effects of on other industries, which impact a local or regional economy.

LMIC utilizes IMPLAN (economic impact analysis) software for research purposes. This software uses a model to estimate the impact of growth or expansion within industry sectors. A common use of IMPLAN is to measure the effects of an expected economic change in a regional or local economy.

The IMPLAN model was used to forecast how this growth would impact growth in other related industries. IMPLAN aggregates industry sectors using its own unique taxonomy. LMIC crossed the North American Industrial Classification System (NAICS) industry code structure with IMPLAN's structure to accurately measure the impact. The industry sector information for this analysis is presented by the IMPLAN taxonomy.

Growth within one sector of industries branches out and impacts industries in other sectors. For example, if a hospital hires additional workers, these workers will have an impact on the local economy as they spend their income within the community for housing (real estate establishments), day care (child day care services), and restaurants (food services and drinking places), along with several other sectors.

The indirect effects of this impact are defined as "secondary impacts related to the direct impacts." This includes sectors affected as a result of additional workers within the sector, but to a lesser extent than those affected directly. The impact in certain sectors may appear inherent, such as real estate, wholesale trade, legal services, promoters, insurance agencies, truck transportation, dry-cleaning and laundry services, automotive repair and printing.

Sectors which generally might not be expected to be influenced by this growth are affected indirectly and include beef cattle ranching, bread and bakery products, car washes, cheese manufacturing, cut stone product manufacturing and sawmills. The table below includes a summary of the top ten industries significantly impacted by the estimated projected growth within the leisure and hospitality subsectors.

Top 10 Industries Affected by Projected Employment Growth within the Leisure and Hospitality Industry Sector								
Description	Employment				Wages, Income and Benefits (expressed in millions)			
	2012	2022	Variance	Percent Change	2012	2022	Variance	Percent Change
Full-service restaurants	13,855	15,141	1,286	8%	\$240.4	\$262.7	\$22.3	8%
Limited-service restaurants	11,100	12,130	1,030	8%	\$211.7	\$231.4	\$19.6	9%
Hotels and motels, including casino hotels	8,721	9,460	740	8%	\$196.6	\$213.2	\$16.7	8%
All other food and drinking places	5,825	6,364	539	8%	\$115.9	\$126.6	\$10.7	8%
Gambling industries (except casino hotels)	2,783	2,897	114	4%	\$56.7	\$59.0	\$2.3	4%
Promoters of performing arts and sports and agents for public figures	1,220	1,341	121	9%	\$10.9	\$12.0	\$1.1	9%
Other amusement and recreation industries	1,107	1,155	48	4%	\$17.9	\$18.7	\$0.8	4%
Fitness and recreational sports centers	970	1,010	41	4%	\$11.6	\$12.1	\$0.5	4%
Real estate	919	994	75	8%	\$13.8	\$14.9	\$1.1	7%
Museums, historical sites, zoos and parks	514	595	81	14%	\$15.4	\$17.9	\$2.4	14%

*Note: Due to the methodology within the IMPLAN model, the percent change is the same for employment and wages, income and benefits*

The IMPLAN model contains 525 total industry sectors. Based on projected employment in the Leisure and Hospitality sector, indirect impacts will occur in 225 sectors. This illustrates the effects of a sector's growth reaches far beyond the boundaries of the sector itself.

Note: Leisure and hospitality includes sectors from the North American Industry Classification System (NAICS). The sectors included are 71 (Arts, Entertainment, and Recreation) and 72 (Accommodation and Food Services). Please visit <http://www.census.gov/eos/www/naics/index.html> for more information.